

## ASSET TESTS

### Examples of asset tests in current law in Vermont:

- Reach Up (formerly TANF): 33 V.S.A. § 1103 and AHS rules
  - \$2000 asset limit for participating family.
  - Extremely detailed rules excluding certain kinds of assets from limit, including one automobile per parent in the family, burial plots, personal property used to make a living, savings for certain living expenses. Investment income and gifts are treated as income.
  - Applicant declares assets when applying for benefit. Rules require written verification for assets when declared total is within \$200 of the limit.
  - Participating family must inform AHS of change in circumstances affecting eligibility within 10 days.
  - There are regular eligibility reviews.
  
- Home heating fuel assistance - 33 V.S.A. § 2604 and former AHS rules
  - Sec. 3 of Act No.88 of 2010 eliminated the asset test for home heating fuel assistance.
  - Previously, limit had been \$5,000 per household, or \$10,000 if one member of household over 60 years or age.
  - Resource rule formerly included cash, stocks and bonds, certificates of deposit, lump sum payments, and equity in real property not used as a home.
  - Resource rule formerly excluded personal property, vehicles, cash value of life insurance policies, restricted retirement accounts, property that produced income, property restricted by trust or title restrictions, property the applicant is selling, or property vacated because of health or conditions problems.
  
- Medicaid for the Aged, Blind, and Disabled (MABD) and Medicaid for the Working Disabled (MWD)) - Federal law and AHS rules
  - Very complicated rules for what assets are counted based on the benefits sought, and the composition of the Medicaid coverage group.
  - For MABD, limits are \$2,000 for an individual and \$3,000 for a couple. For MWD, the limits are \$5,000 for an individual and \$6,000 for a couple.
  - Resources the count include cash, savings, stocks, bonds, CDs, mutual funds, real property that is not a homestead, certain types of personal property.
  - Federal law requires states to have an asset verification plan for Medicaid eligibility.

- In 2010, AHS contracted with an outside vendor to provide an asset verification plan.

### **Approaches to asset limits on property tax adjustments**

- Current law -- Household income: 32 V.S.A. § 6061(4) and (5)
  - Based on federal AGI with a series of additions and subtractions.
  - Aimed at measuring cash resources available in year of application.
- Net Worth Test
  - Have applicant calculate a net worth by cataloging total assets, including all liquid assets and equity or ownership of real estate and investment assets, and then subtracting liabilities. If the applicant has a net worth over a certain amount, property tax adjustment can be capped, eliminated, or phased out.
- Investment income
  - Current law double count investment income over \$10,000 for applicants under 65 years of age.
  - Approach #1: parameters of current law may be modified to limit the benefit.
  - Approach #2: cap an adjustment if the applicant has over a certain amount of investment income in a given year.
- Modifying household income
  - List assets to be counted, create a valuation date, and require a certain percentage of the assets to be included in household income.